

**City of Falls Church
Economic Development Authority
ANNUAL MEETING
FINAL Minutes
Tuesday, November 4, 2008 – 6:30 p.m.
Falls Church City Hall
Training Center – G Level
300 Park Avenue, Falls Church, VA 22046**

I. Call to Order – the meeting was called to order at 6:30 p.m.

II. Election of Board Officers

The EDA Board voted for their Board Officers. David Tarter is now the EDA Chairman. Ed Saltzberg is the Vice Chairman. Bruce Swenson remains as Secretary. The Treasurer's position will remain open until the board gets new members.

EDA Board Members: Edward Saltzberg, David Tarter, Warren Cohen, Barry Buschow, Bruce Swenson, Bob Butchko, A.C. Miller

ED Staff: Richard Goff, Becky Witsman, Lovey Testa

Public: Laura Hull (Creative Cauldron); Marty Meserve (Falls Church Arts); Andy Rankin (Viget Labs LLC); Jim Snyder (Planning Consulting Services); Mark Kaye (citizen)

III. Petitions from the Public (5 minutes per petitioner) - none

IV. Petitions from the Board (5 minutes per petitioner) – A.C. Miller announced his intent to resign from the board.

V. Approval of October 7, 2008 minutes - approved

VI. New Business

a. Falls Church Arts and Creative Cauldron Grant Request

Mr. Tarter requested Economic Development Director, Richard Goff, to summarize how this request came to fruition. Mr. Goff explained that City Council is asking the EDA to contribute some of its grant funds to help the city finance the FC Arts/Creative Cauldron arts center to be built at Pearson Square. City Council has also requested city staff for input on the economic benefits of having an arts center in that location. Staff concluded that the proposed arts center would create critical mass and is confident that it will help generate traffic and be a strong attraction to business tenants. Using the FC Arts/Creative Cauldron assumptions on the attendance of their programs, direct and indirect taxes to the city would be around \$13,000 - \$16,000 per year, or a return over six to eight years on a total city investment of \$100,000. City Council is now requesting the EDA to fund up to \$25,000 of that grant. Mr. Saltzberg said that he met with City Manager Wyatt Shields and Assistant City Manager Cindy Mester to discuss this request. Ms. Hull and Ms. Meserve said that they will need to receive the funds

within the next six months. They hope to open the arts center by May or June 2009, but will have to start paying rent by April. They both said that this would be an important step in getting that first retail tenant in Pearson Square because FC Arts/Creative Cauldron already has an established clientele. Mr. Swenson wanted to know if they expect any future financial obligation from the city. Ms. Hull said that they are hoping to be self-sufficient in terms of getting outside funding, and that their business model is designed to make them more reliant on earned income. They will, however, request the city to become more involved in promoting Falls Church City as an arts destination. Mr. Swenson voiced his concern about adding another recurring obligation to the EDA budget and pointed out that the EDA is now supporting three groups in the city via the EDA grant. He requested a guarantee that the Falls Church Arts would not expect funding from the city on an ongoing basis, but this request was dismissed by Vice Chairman Ed Saltzberg. Ms. Hull said that she believes the arts center could be an investment that would create a thriving economic enterprise in the city. After some more discussion, the EDA Board approved to grant \$15,000 to FC Arts and Creative Cauldron. Bob Butchko made the motion; Ed Saltzberg seconded. The motion was approved by the board.

b. Ordinance to Amend Zoning Code to Restrict Motor Vehicle Sales and Rental Lots

Mr. Goff explained that said ordinance was referred by City Council to the EDA last month. The zoning code amendment will go through Second Reading on Monday, November 10th. Mr. Goff said that ED staff has carefully examined the issue and explained that there has been a proliferation of new motor vehicle sales and rental lots in the city. The city is unable to curtail this at the moment because of its outdated zoning ordinance regarding the use of motor vehicle lots. Many small and large dealerships have been interested in the city primarily because the neighboring jurisdictions already have their restrictions in place. Currently, the three big motor vehicle dealers in the city (Don Beyer Volvo, Koons Ford & Dodge, and International Motors Saab) yield an estimated gross revenue of \$49,000 per year, per acre mostly in real property tax. In contrast, the seven mixed-use projects in the city will yield an estimated net revenue of \$279,000. Moreover, the city does not receive any sales tax from motor vehicle sales; it all goes straight to the state. The city only receives some road maintenance tax from the state. If the amendment is not passed, the city could potentially lose another 15 acres of its commercially zoned prime land to motor vehicle sales lots. Twenty-one acres are already used for motor vehicle sales and rentals, or 11 percent of commercially zoned land in the city. Mr. Goff stressed that the city is not trying to aim the changes towards the existing dealerships in the city. He added that city staff has contacted the three big auto dealerships in the city to explain the zoning ordinance amendment and answer any questions they had. The zoning code amendment has three intentions: (1) to allow existing motor vehicle sales rentals to continue as existing by-right users; (2) prohibit new occupancies for auto sales and rentals on parcels 10,000 square feet and smaller; and (3) restrict new occupancies for auto sales and retail on parcels over 10,000 square feet through a special use permit. Mr. Tarter asked Jim Snyder his thoughts on this zoning rewrite. Mr. Snyder said he thinks it is a good move for the city to place restrictions on motor vehicle sales lots, particularly since Falls Church City does not have a strong market compared to Arlington or Tysons Corner.

Mr. Cohen wanted to know how the zoning code amendment would affect Don Beyer's properties. Mr. Goff replied that the situation will not change for Mr. Beyer even if he wants to put new buildings on the land that he owns in the city. Mr. Beyer could avail of the special use permit if the lot is over 10,000 square feet, or use it as by-right if the lot is less than 10,000 square feet. In addition, Mr. Beyer owns a larger, collective piece of land which provides him with more flexibility on how he wants to utilize his properties. Furthermore, when city staff met with Mike Beyer, the latter was fully aware about the issue and stated his support on the effort to rewrite the ordinance. Mr. Beyer also expressed his continued interest in re-developing their current site. Mr. Cohen also inquired what would prevent Car Max from

coming to the Noland site using the special permit restriction. Mr. Goff said that it is virtually impossible for Car Max to locate on the Noland site due to landscaping issues, stacking of vehicles, and other restrictions in the proposed ordinance amendment.

c. Noland Site Redevelopment: Update on Proposed Agreement

Mr. Goff reported that the city is working with the developer, JBG, to consider a win-win use of the Noland site. Big box use has been considered and BJ's Wholesale Club emerged as the prime candidate. A preliminary agreement on tax sharing has been reached in order to incentivize the use of the site. The city will not put any money up front. Rather, it will reimburse a portion of the taxes to JBG over 12 years. Noland's lease expires by 2010 and the city has been earning less than \$250,000 per year in gross revenue taxes on the site. BJ's, on the other hand, is a Fortune 300 company and earns about \$9 billion in nationwide sales. In terms of the tax sharing agreement, the city gets the first \$450,000 per year in taxes. Subsequently, if taxes are generated between \$450,000 or \$950,000 per year, the city would share this dollar-for-dollar with JBG over a span of 12 years. If BJ's generates more than \$950,000 in a year, the city would receive all tax revenue above that amount. After 12 years, the city gets all of the tax revenues. City Council has already approved a Memorandum of Understanding with JBG, and the latter's counsel is now in the process of working on a draft development agreement. An agreement between the city, the EDA, and JBG could be reached as early as November 24th. As such, Mr. Goff is requesting for a special EDA board meeting on November 18th, for about an hour, to discuss the draft agreement before City Council formalizes the agreement with JBG. If approved, the EDA would act as a conduit for the tax funds going to the city. Many of the board members think that this is a good deal for the city and that it would help attract more retail. Mr. Snyder said having a BJ's could create a nice entrance to the city, depending on how the structure is built. Mr. Cohen expressed concern about BJ's having gas pumps and how this would affect existing gas stations in the city. Some of the board members also inquired what revenue the city gets from gas stations. Mr. Goff and Business Development Manager Becky Witsman said the city only get a BPOL (Business, Professional and Occupational License) tax; the sales tax on gasoline goes to the state. Mr. Butchko stated that the economic impact of having BJ's in the city is very compelling. Andy Rankin of Viget Labs said that while it is important to consider how BJ's gas pumps will affect the existing gas stations in the city, it is also important to look at it from the long range and consider how fair the deal is for the city. Mr. Snyder said the city can use BJ's as an anchor to attract more development in that area. Mr. Cohen inquired about the other prospects for the site. Mr. Goff said there was a government contractor that was interested in using the current building of Noland. Costco was another interested party but they were only willing to spend \$50 million out of the \$80 million total cost of building a Costco store and structured parking at the site. It was suggested that the city would have to pay the remaining \$30 million if it wanted to seriously pursue a Costco.

VII. Old Business

a. October 16 Roundtable: Follow-Up Discussion

Mr. Goff reported that there was outstanding turnout during the roundtable. Thirty brokers and developers participated in lively discussions and there was excellent feedback on how the city can fill its vacant commercial and residential space. A survey was sent to the participants in which they were requested to prioritize the inputs provided during the roundtable. There is a section on the survey that asks them to provide their name and contact information if they wish to participate in a task force to plan and implement programs, improvements, and services.

b. Branding and Marketing Initiative status

Mr. Goff said that he has been in contact with Matt Smith. He added that the city needs to do an RFP and must be posted on the Web site for 10 days. Mr. Saltzberg said that he discussed with Mayor Gardner about having a steering committee for this initiative, which would be composed of city board/commission members, as well as those from various organizations within the city. Mr. Swenson expressed his apprehensions about such an expensive endeavor, stating that the city already has many marketable facets, e.g., it is attractive to small, professional businesses; the city is walkable; the city has good schools, etc. Many of the board members reiterated the need to have someone like Matt Smith articulate all of those facets.

VIII. Staff Reports

- a. Development Projects**
- b. Business Assistance Activities**
- c. Upcoming Meetings/Events:**

- 1. November 10 City Council Meeting: Zoning Code Amendment Second Reading (Motor Vehicle Sales Lots)**
- 2. November 12: Entrepreneur Express; 8:30 a.m. – noon; VA Tech Northern Virginia Center**

IX. EDA Member Reports

- a. Recognition of Board Members' Service: Barry Buschow and Warren Cohen**

Mr. Tarter presented plaques of appreciation and copies of the book, Falls Church: A Virginia Village to outgoing board members, Barry Buschow and Warren Cohen. Mr. Buschow has been with the board for a little over seven years, while Mr. Cohen has been with the board for twelve years.

X. Other Business

Mr. Snyder was invited to attend tonight's meeting so that the board can discuss exactly what kind of services he can provide. Mr. Snyder was a Senior Planning official at Arlington County. Mr. Tarter thinks that Mr. Snyder can help with certain development projects, such as City Center, to make sure that it is planned properly and wanted to know how a contract can be drafted. He also pointed out the successful walking tours that Mr. Snyder organized for Clarendon, etc. and surmised that maybe Mr. Snyder can also help the city with similar walking tours. He further suggested that Mr. Snyder can provide some input on the ongoing zoning code rewrite. Mr. Buschow expressed his concern that the Planning division is understaffed and in addition to not having a Director, thinks that Mr. Snyder can help guide Planning staff and provide them with ideas similar to Arlington's sector planning. Mr. Goff said that they would probably need to post a sole source statement and state the special expertise involved. Mr. Butchko said he is in favor of having Mr. Snyder on board as long as the deliverables are specified. Mr. Snyder said that the deliverables should be in alignment with the city's priorities, such as City Center for example, and need to be coordinated with the Economic Development and Planning staff, City Manager, etc. Mr. Swenson said that the development of certain areas in the city have been discussed over the years and wanted to know what other ideas can Mr. Snyder provide. He expressed concern that many consultants have been hired and studies conducted. He wanted to know specifically what more Mr. Snyder can add for the amount of money he would be paid. Mr. Snyder said that the city

should think about its long range plans on key locations indicated on the Comprehensive Plan and offered his expertise in developing zoning categories. Mr. Saltzberg said that they want Mr. Snyder on board so he can provide expert planning consultation with specific areas, e.g., City Center, zoning ordinance amendment, marketing strategy, etc. Mr. Tarter said he would like to know the steps to draft a contract for Mr. Snyder. Mr. Goff said that he will speak with the city's Purchasing Manager and find out what exactly needs to be done. He also suggested that it would be helpful to have an outline of the services that Mr. Snyder will provide. Mr. Butchko volunteered to work on the outline and submit the list to Mr. Goff.

XI. Adjournment

Upon proper motion and unanimous vote, the meeting was adjourned at 8:32 p.m.

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